

Update 2013

Water Finance Planning Framework



May 9, 2013

Update 2013 Finance Planning Framework Purpose

- Frame discussions that lead to productive outcomes
- Create a common and comprehensive understanding of current [finance] conditions
- Inform post-2014 general obligation bonds
- Guide legislation pertaining to finance planning and strategies
- Clarify and align State IWM funding and finance
- Prioritize future State IWM investment

Update 2013 Finance Planning Framework

This is a long term strategic planning framework and is NOT intended to change or supplant:

- (1) Current [2014] G.O. bond discussions
- (2) Ongoing State grant and loan activities
- (3) Specific State programs or projects that are currently being planned or implemented
- (4) Local or regional governance and finance

Framework Structure and Outline

Volume 1 – Strategic Plan

- Chapter 1 – Planning for Environmental, Economic and Social Prosperity
- Chapter 2 – California Water Today
- Chapter 3 – Imperative to Invest in Innovation and Infrastructure
- Chapter 4 – Companion Plans
- Chapter 5 – Managing an Uncertain Future
- Chapter 6 – Integrated Data and Analysis
- Chapter 7 – Finance Planning Framework
- Chapter 8 – Implementation Plan

Chapter 1 – A Call For Action

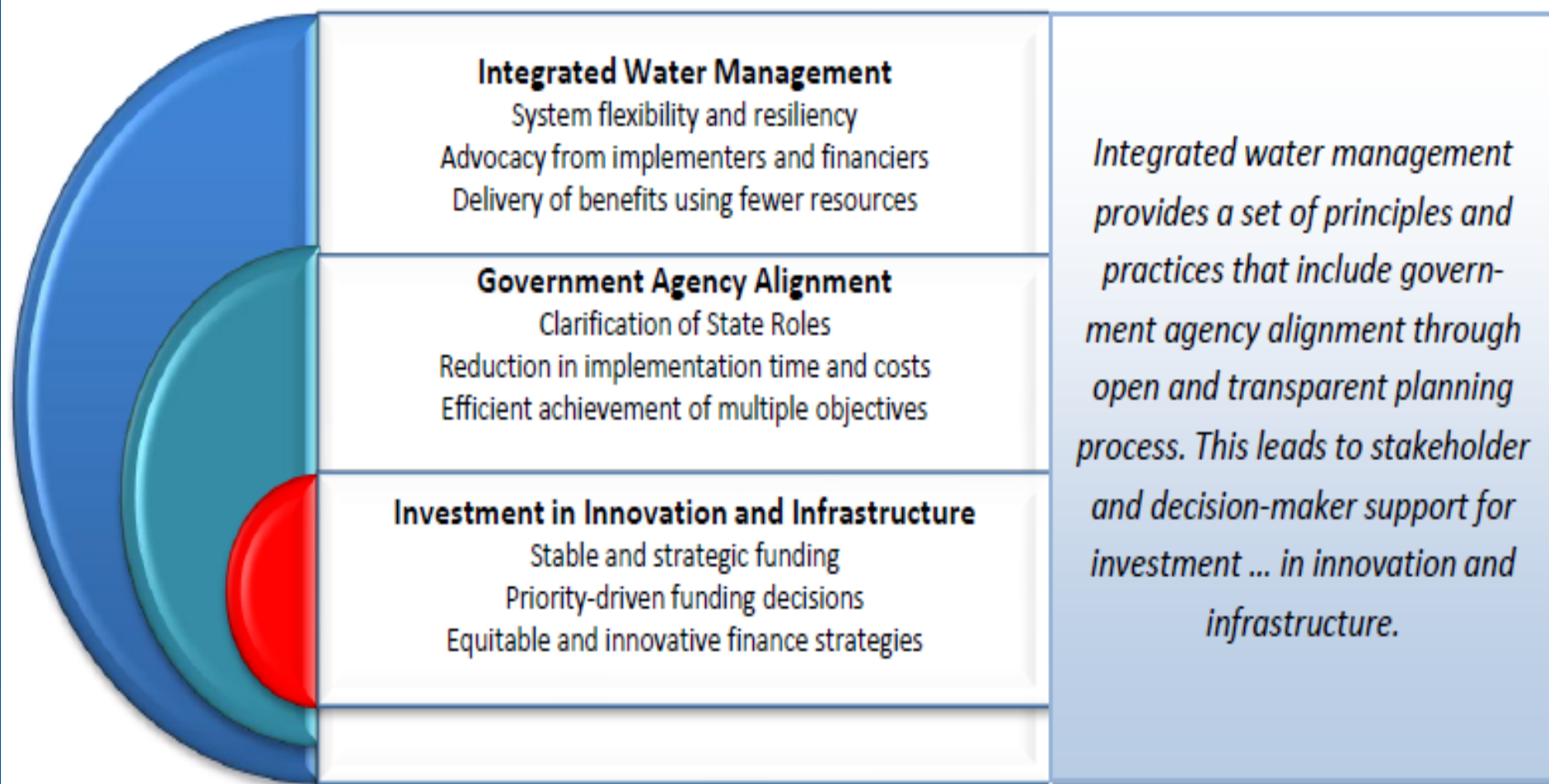
- California faces unacceptable risks from flooding, unreliable water supplies, and habitat and species declines
- Stakes are tremendously high and every Californian has a stake

Chapter 1 – A Call for Action

- California must make its economy -- business and finance -- more stable with a higher degree of certainty that natural resources will be sustained over the long term, flood damages will be averted, water supplies will be reliable and predictable, and recreational opportunities will be improved.

Chapter 1 - Update 2013 Themes

Figure 1-1 Themes of California Water Plan Update 2013

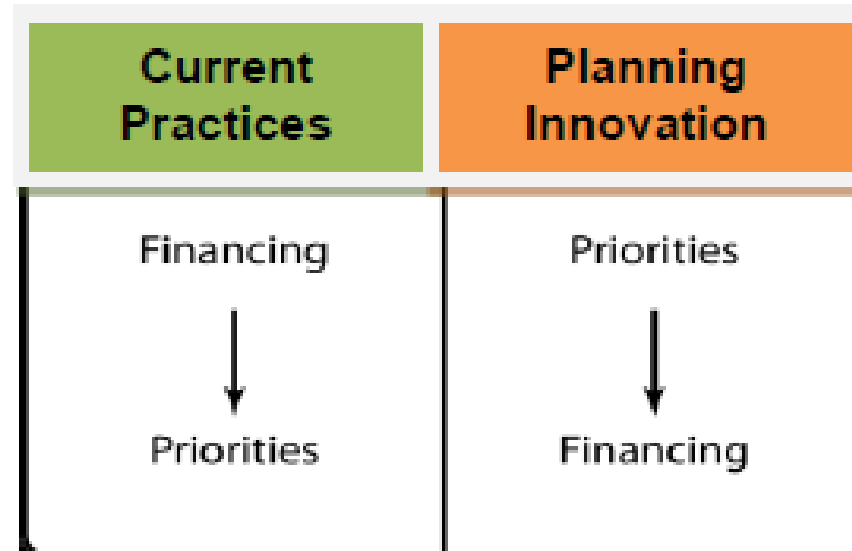


Chapter 1 - Key Messages

(Partial list)

- Stable, priority-driven funding sources are essential to successful integrated water management

Figure 1-2 Priority-Driven Financing



Chapter 2 - Outline

(Partial list)

- Planning For Stability Amid Extreme Diversity and Variability
- Land Use and Development Patterns
- Water Conditions
- IWM Funding and Expenditures
- Critical Challenges
- Responses and Opportunities

Chapter 3 - Outline

(Partial list)

- A Critical Time to Invest
- Fundamental Lessons
- Looking to the Future — The Roadmap
 - Vision, Mission, Goals, Guiding Principles, Objectives
- Role of State Government to enhance Integrated Water Management

Chapter 8 – Implementation Plan

- IWM Objectives (13 in Update 2009)
- Related Actions (115 in Update 2009)
- Broad range of specificity
- Most actions from companion State plans
- Adding finance objective (and related actions) for Update 2013

Chapter 7 – Finance Planning Outline

Chapter 7. Finance Planning Framework *[DRAFT Annotated Outline]*

About This Chapter

The purpose of this chapter is to:

- (1) Create a common and comprehensive understanding of current [finance] conditions;
- (2) Provide a framework for improving integrated water management funding and finance;
- (3) Provide a menu and trade-off assessment of available finance mechanisms;
- (4) Present data, information and stakeholder input such that it supports findings, principles and shared value statements.
- (5) Document next steps for further implementing the finance storyboard and for creating effective finance recommendations in Chapter 8 – Implementation Plan.

This Update 2013 Finance Framework chapter addresses these topics:

- Key Definitions
- Findings
- Framework
- Next Steps

Key Definitions: *[Note: This will be a box or sidebar]*

- Funding -
- Finance -
- *Finance Storyboard* – A logically sequenced planning framework that provides a common language and understanding of the suite of finance issues that are critical for advancing statewide IWM finance planning.
- Finance Strategies -
- Expenditures -

Findings

The purpose of this section is to highlight findings derived from the data, analysis and stakeholder collaboration conducted as part of the Update 2013 process. The findings represent a significant step forward in the comprehensive understanding of complex finance mechanisms that, over time, were created in a disintegrated fashion. This information was used as the basis from developing the framework described in this chapter as well as shaping the finance objective and related actions in Chapter 8 – Implementation Plan.

Framework

During the Update 2013 process, a finance storyboard was developed in response to several observations and stakeholder input received early in the process. The most prominent observation was that there was no common language, much less common understanding of, the finance methods and issues across California's geographic regions, IWM topics, and levels of government (e.g. local, state, federal, Tribal). The purpose of the storyboard for Update 2013, and beyond, is to identify, and provide an organization for, the suite of issues that are critical for advancing a statewide IWM finance planning effort. It also provided the structure and the flow of logic required to synthesize large volume of information and

Chapter 7 – Finance Planning Outline

Application of Water Plan Guiding Principles and Shared Values in the Finance Framework (Discussion Draft 5.9.13)

Purpose: To establish a framework for guiding IWM expenditures we must first develop a set of shared values. These values can be grouped into three major categories—prioritization of expenditures, fiduciary responsibility, and cost allocation. These values are discussed in the following pages along with the 2009 CWP guiding principles that support them. Shared values will be included in Chapter 7 – Finance Framework and/or reflected in revised objectives for the 2013 Update.

Instructions: After reviewing and discussing the following three pages, please provide feedback below using the following question to guide your responses:

What would you add, subtract or change to better support decision-making?

Which shared values should be incorporated into the overarching Update 2009 Guiding Principles and which should be more focused on the finance framework?

Update 2013 Finance Planning Next Steps

- Incorporate feedback received during today's meeting
- Update 2013 Admin Draft to DWR executive management – June – July 2013
- Public Review Draft August 2013
- Release Final Water Plan Update March 2014